

ASSEMBLY, No. 2362

STATE OF NEW JERSEY 214th LEGISLATURE

INTRODUCED FEBRUARY 25, 2010

Sponsored by:

Assemblyman VINCENT J. POLISTINA

District 2 (Atlantic)

Assemblywoman CAROLINE CASAGRANDE

District 12 (Mercer and Monmouth)

SYNOPSIS

Consumer Relief Act of 2010; establishes temporary sales and use tax rate reduction periods for certain sales of certain goods and services.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT establishing certain periods of reduced sales and use tax
2 imposition and designated as the Consumer Relief Act of 2010,
3 supplementing P.L.1966, c.30 (C.54:32B-1 et seq.).
4

5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*
7

8 1. a. Notwithstanding the provisions of sections 3, 4, and 6 of
9 P.L.1966, c.30 (C.54:32B-3, 54:32B-4, and 54:32B-6) to the
10 contrary, the sales tax and the use tax which shall be paid pursuant
11 to the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.)
12 shall be imposed at the rate of 3.5% on sales made during a tax
13 reduction period, admissions charges paid during a tax reduction
14 period, rents for occupancies during a tax reduction period, and uses
15 beginning during a tax reduction period; provided, however, that if
16 the State Treasurer, in consultation with the Director of the Division
17 of Budget and Accounting in the Department of the Treasury, shall
18 certify to the director that federal funds are receivable, or have been
19 received, and may be allocated to offset the amount of additional
20 State revenue loss which may result from the imposition of the sales
21 and use tax at a rate of less than 3.5% during a tax reduction period,
22 the director shall reduce the rate of tax imposed pursuant to
23 P.L.1966, c.30 during that tax reduction period to a rate of less than
24 3.5% but consistent with and in proportion to the federal funds that
25 are receivable, or have been received, and may be allocated to offset
26 State revenue loss during that tax reduction period.

27 b. (1) If the director shall, in accordance with subsection a. of
28 this section, reduce the rate of tax imposed pursuant to P.L.1966,
29 c.30 to a rate of less than 3.5% during a tax reduction period, the
30 director shall immediately notify the State Treasurer of the rate and
31 the terms and conditions for which tax shall be imposed during that
32 tax reduction period and shall immediately submit a report to the
33 Legislature, pursuant to section 2 of P.L.1991, c.164 (C.52:14-
34 19.1), outlining the rate and the terms and conditions for which tax
35 shall be imposed during that tax reduction period.

36 (2) The report, submitted to the Legislature in accordance with
37 paragraph (1) of subsection b. of this section, shall also provide
38 information concerning the amount and the availability of federal
39 funds which may be allocated to offset additional State revenue loss
40 resulting from the imposition of the sales and use tax at a rate of
41 less than 3.5%, and shall include data regarding the projected State
42 revenue loss which may result from the imposition of the sales and
43 use tax at a rate of less than 3.5% during that tax reduction period.

44 c. Notwithstanding the provisions of the "Administrative
45 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) to the
46 contrary, the director may adopt immediately upon filing with the
47 Office of Administrative Law such regulations as the director
48 deems necessary to implement the provisions of this section, which

1 regulations shall be effective for a period not to exceed 180 days
2 following the date of enactment of P.L. , c. (C.) (pending
3 before the Legislature as this bill) and may thereafter be amended,
4 adopted, or readopted by the director in accordance with P.L.1968,
5 c.410.

6 d. As used in this section,

7 “Federal funds” includes, but shall not be limited to, monies
8 appropriated by the United States Congress to the State of New
9 Jersey as part of a short-term economic stimulus program dedicated
10 or designed, in whole or in part, to increase consumer spending;

11 “State Treasurer” means the Treasurer of the State of New
12 Jersey; and

13 "Tax reduction period" means the periods beginning: (1) on and
14 after March 19, 2010 but before March 29, 2010; (2) on and after
15 July 2, 2010 but before July 12, 2010; and (3) on and after October
16 10, 2010 but before October 20, 2010.

17
18 2. This act shall take effect immediately.
19
20

21 STATEMENT

22
23 This bill, designated as the Consumer Relief Act of 2010,
24 establishes three 10-day periods of reduced sales and use tax
25 imposition on certain sales of certain goods and services.

26 Under the bill, receipts from sales made, admissions charges
27 paid, rents for occupancies, and uses beginning during the three 10-
28 day periods are subject to the sales and use tax at a reduced rate of
29 3.5%. For most of the State, this equates to a tax rate reduction
30 from 7% to 3.5%. In Urban Enterprise Zones (UEZs) and Salem
31 County, where tax on certain goods and services is exempt to the
32 extent of 50% of the current State rate, it equates to a reduction
33 from 3.5% to 1.75%.

34 The three 10-day periods of reduced sales and use tax imposition
35 are those beginning: (1) on and after March 19, 2010 but before
36 March 29, 2010; (2) on and after July 2, 2010 but before July 12,
37 2010; and (3) on and after October 10, 2010 but before October 20,
38 2010. These periods are easily recognizable for consumers and
39 marketable by retailers and small business because they correspond
40 to (1) the beginning of spring; (2) Independence Day weekend; and
41 (3) Columbus Day weekend.

42 The bill also provides an opportunity for additional reductions in
43 the sales and use tax rate imposed during one or more of the three
44 10-day rate reduction periods, if federal funding is made available
45 and may be used to offset decreases in State revenue collections.
46 The bill stipulates that if the State Treasurer, in consultation with
47 the Director of the Office of Management and Budget, certifies that
48 federal funds are receivable and may be allocated to the State to

1 offset the amount of additional State revenue loss resulting from a
2 sales and use tax rate of less than one-half the current rate during a
3 tax reduction period, the tax rate will be further reduced consistent
4 with, and in proportion to, the federal funds made available to the
5 State.

6 The reduction in rate to less than one-half the current sales and
7 use tax rate will, under the bill, be carried-out by the Director of the
8 Division of Taxation. The bill stipulates that if the director reduces
9 the tax rate to less than half the current rate during a reduction
10 period, the director must notify the State Treasurer and submit a
11 report to the Legislature detailing the reduced rate and the terms
12 and conditions for which the tax will be imposed. The report to the
13 Legislature must provide information concerning the amount and
14 the availability of federal funds and any data regarding projected
15 State revenue loss resulting from a reduction of more than one-half
16 the current rate.

17 The three 10-day tax reduction periods provided by the bill are
18 intended to provide an emergency shot in the arm for New Jersey's
19 economy – one that increases the purchasing power of consumers,
20 creates stronger competition with surrounding states, saves
21 businesses, and protects jobs.

22 The current economic decline has created an unprecedented drop
23 in retail sales and has caused many to project that consumers will
24 continue to spend less in the weeks and months ahead. Reducing
25 the sales tax will make shopping in New Jersey more affordable for
26 consumers while increasing sales for businesses. Because of the
27 regressive nature of the sales tax, this reduction will particularly
28 help lower income families.

29 If New Jersey is the only state in the region to adopt this
30 program, it will make New Jersey retailers more competitive with
31 those of surrounding states and thereby retain consumer spending in
32 New Jersey that would otherwise go elsewhere. Additionally, it
33 will draw out-of-State shoppers into Garden State stores and
34 restaurants. The program will create a competitive advantage over
35 Pennsylvania, which has a 6% statewide rate and an 8% rate in
36 Philadelphia; nearly eliminate Salem County's disadvantage with
37 Delaware, which does not impose sales tax, by reducing Salem
38 County's rate to 1.75%; and greatly increase New Jersey's existing
39 advantage over New York City, which has an 8.875% rate.

40 But if nearby states do decide to adopt a similar program, as a
41 result of federal legislation or otherwise, New Jersey cannot afford
42 not to match their efforts.

43 While much of the focus by policymakers has been on bailing
44 out big Wall Street firms and other programs for spending taxpayer
45 money, this bill provides relief to taxpayers in a way that will help
46 struggling families and small businesses. Relief is direct and
47 immediate, and involves no application process, no bureaucratic

1 red-tape, no favoritism, and no waste. Anyone who buys an item or
2 pays for a service subject to the sales and use tax will benefit.

3 This approach is not intended as a long-term fix for the State's
4 economy; separate proposals have been made in that regard. This
5 bill is designed to provide short-term relief for consumers and
6 businesses living and working in New Jersey.